

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EEP-02-38
---	----------------------

**ORDER REQUIRING ADDITIONAL INFORMATION**

(Issued July 9, 2004)

On July 1, 2004, the Utilities Board (Board) issued an order continuing the hearing set for July 7, 2004, regarding Interstate Power and Light Company's (IPL) proposed changes to its interruptible credits. No new hearing date was set. In that order, the Board indicated that it was concerned that certain fundamental questions did not appear to be adequately addressed in either IPL's proposal or the responses thereto. In order to obtain additional information regarding these questions, IPL will be required to respond to the following questions within 20 days from the date of this order. After reviewing the responses, the Board will determine what additional procedural steps are necessary in this docket.

**A. Bidding**

1. IPL offers a market-based program (IPL's "Market Based Load Curtailment" riders) for obtaining interruptible capacity on a voluntary, short-term, market-priced basis.

a. How does this voluntary market-based option differ from a bidding program?

b. Does this market-based program operate independent of IPL's interruptible program or do the two programs operate in tandem in a complementary manner?

c. If the two programs operate in tandem, how does that work? How are the different options for each program prioritized (i.e., which ones are used first, second, etc., and under what circumstances)?

2. Has IPL considered the use of a pilot bidding effort to address one or more of its three proposed interruptible options? If not, why not?

3. Has IPL considered a Request for Proposals Process (RFP) as an alternative to bidding? If not, why not?

**B. Midwest Independent Transmission System Operator, Inc. (MISO) impacts**

In rebuttal testimony, IPL witness Guelker addresses concerns about the MISO Midwest Market Initiative (MMI) and the Day Ahead Market on page 11 of his prefiled testimony. Mr. Guelker states:

MISO's MMI may allow IPL to expand the interruptible program options it offers; however, based on what I know about how IPL will operate its system once MISO implements MMI, MMI will not require IPL to substantially change the operation of its existing interruptible programs.

This is the only significant reference in IPL's testimony to MISO and the MMI. More detail and explanation is necessary on topics related to MISO, the MMI, and the potential impacts these developments may have on the IPL system. This discussion is to include, at a minimum, responses to the following questions using the MISO Energy Markets Tariff filed with the Federal Energy Regulatory Commission (FERC) on March 31, 2004, as the basis for assumptions on the future structure of the MMI. If IPL projects that the MMI will not come to fruition in its planned present form or if IPL intends not to actively participate in the MMI, IPL should explain in detail the basis for its projections.

1. How does IPL plan to participate in bidding demand-response resources into the MISO Market?
2. What is IPL's assessment of the impact of MISO centralized dispatch on the number and severity of transmission loading relief (TLR) incidents?
3. What is IPL's assessment of the impact of Financial Transmission Rights (FTR) on the costs of transmission congestion and whether the allocation or auction of FTRs will reduce TLR incidents that impact IPL?
4. Assuming that the MISO development of Locational Marginal Pricing (LMP) results in more efficiency in the interstate electric transmission

market, how will LMP impact the TLR incidents cited by IPL as a reason for issuing notices to interrupt customers?

5. Will MISO's development of rules for Energy Emergencies alter the procedures IPL currently uses to dispatch interruptible capacity for emergencies? If yes, how? If not, why not?

**C. Interruptible program as emergency response**

1. If TLR incidents decline in number and severity in the future, what does this mean for the IPL interruptible program?

2. Will a reduction in TLR incidents reduce the value of the interruptible program?

3. Will a reduction in TLR incidents have an impact on the number and length of interruptions to provide peaking capacity? If so, what impact?

4. Has IPL attempted to estimate the value of an interruptible kW used to respond to a TLR request?

5. Are there any penalties to participants for lack of response in a TLR situation?

**D. Supply options, Emery plant addition**

1. Is there any penalty or sanction, payable in actual dollars, imposed by the MidAmerican Interconnected Network for not having enough "Planning Reserve"?

2. IPL witness Kitchen states, on page six of rebuttal testimony, that the Emery plant will not only serve peaking load but also intermediate load. Why does the ability of the Emery plant to help with peak load have no effect on the need for interruptible load?

3. IPL witness Kitchen states, on pages six and seven of rebuttal testimony, that the Emery plant was justified in IPL's ratemaking principle proceeding, Docket No. RPU-02-8, based on an assumed level of interruptible load of 350 megawatts. Why should the statement submitted in the ratemaking principle proceeding to justify the Emery plant be a factor in the IPL energy efficiency plan?

4. Would inclusion of the Emery addition in IPL's supply planning make a significant difference in the calculation of IPL's avoided costs?

5. Does IPL use the recent history of summer peaks to plan for its need for new capacity?

6. Has IPL experienced increased summer peaks in recent years?

7. Has IPL incorporated increased summer peaks into its resource plan by projecting the need for new peak capacity or total capacity?

8. If summer peaks have not been reduced by interruption, is new capacity needed?

9. Which entity makes the determination that customers should be interrupted, Alliant, IPL personnel, or the control area operator?

10. What is the formal title or designation for the dispatch operator who makes the decision on interruption?

11. Does IPL include interruptible demand-side resources into the dispatch order of its supply resources?

12. If IPL dispatches interruptible capacity as part of its supply dispatch, what is the dispatch priority for interruptible resources?

**E. Electric Interruptible Policies and Procedures Manual**

1. On page 21 of the prefiled rebuttal testimony by IPL witness Kopp, he mentions IPL's Electric Interruptible Policies and Procedures Manual. Provide a copy of this manual.

**F. Participant impacts**

1. What is the purpose of the 200 kW threshold?
2. Does IPL foresee emergence of any technology in the near future (12 months) that will facilitate participation by customers below the 200 kW threshold?
3. What will happen to current customers who do not meet the 200 kW minimum interruptibility threshold? Will these customers be excluded from the program?
4. How many customers are below the 200 kW threshold?

**IT IS THEREFORE ORDERED:**

Interstate Power and Light Company shall provide the information identified in the body of this order within 20 days of the date of this order.

**UTILITIES BOARD**

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper  
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 9<sup>th</sup> day of July, 2004.